

Message Text

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 RIO DE 00721 172105Z

67

ACTION ARA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 NEA-10 PA-01 PRS-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FEA-01 IO-11 /132 W

----- 121615

P R 171959Z FEB 76

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC PRIORITY 3365

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEBMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY OTTAWA

LIMITED OFFICIAL USE RIO DE JANEIRO 0721

E.O. 11652: N/A

TAGS: ENRG, BR

SUBJECT: PETROBRAS ANNOUNCES TEN LOCATIONS AND PREQUALIFYING
PROCEDURES FOR RISK CONTRACTS

REF: BRASILIA 0952

BEGIN UNCLASSIFIED

SUMMARY: ON FEBRUARY 16 PETROBRAS PUBLISHED OFFICIALL
ANNOUNCEMENT ADVISING FOREIGN OIL COMPANIES OF PRE-
QUALIFYING PROCEDURES FOR EXPLORATION AND DEVELOPMENT
WORK UNDER RISK CONTRACT PROGRAM ENUNCIATED BY PRESIDENT
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 RIO DE 00721 172105Z

GEISEL LAST OCTOBER 9. WORK WILL BE CARRIED OUT ON
ONE ON-SHORE AND NINE OFF-SHORE LOCATIONS IDENTIFIED

BY MAP COORDINATES. CONTRACTUAL TERMS WILL BE SUPPLIED TO THE COMPANIES WHICH PREQUALIFY AFTER MARCH 16, WHEN PERIOD FOR SUBMITTING APPLICATION FOR PREQUALIFYING ENDS. GOB HOPES FIRST RISTK CONTRACT CAN BE SIGNED BY END OF JUNE. INITIALL REACTIONS TO THE LLOCATIONS BY U.S. OILLINDUSTRY SOURCES AND MEMBERS OF GEOLOGICAL COMMUNITY HERE ARE HIGHLY FAVORABLE. END SUMMARY.

2. PETROBRAS ANNOUNCEMENT, WHICH APPEARED IN FOREIGN AS WELL AS DOMESTIC JOURNALS, SPECIFIES TEN BLOCKS BY LATITUDE AND LONGITUDE. TOTAL AREA IS REPORTED TO BE ABOUT 34,000 SQ. KM. LARGEST SINGLE BLOCK (AND ONLY ONE ON-SHORE) IS MIDDLE AMAZON BASIN NEAR MANAUS, COVERING ABOUT 10,000 SQ. KM. ON THE CONTINENTAL SHELF ARE TWO BLOCKS IN THE MOUTH OF THE AMAZON RIVER OFF-SHORE FROM AMAPA; TWO BLOCKS OFF ESPIRITO SANTO IN THE SOUTHERN BAHIA BASIN; THREE BLOCKS IN THE SANTOS BASIN AREA OFF STATES OF RIO DE JANEIRO, SAO PAULO AND PARANA; ONE BLOCK OFF SANTA CATARINA IN THE TORRES ANACLLINE; AND ONE BLOCK OFF RIO GRANDE DO SULL IN THE PELOTAS BASIN.

3. ANNOUNCEMENT STATES THAT INTERESTED COMPANIES ARE INVITED TO OBTAIN FORMS FOR PREQUALIFICATION FROM PETROBRAS HEADQUARTERS IN RIO, OR FROM COMPANY OFFICES IN LONDON, PARIS, AND NEW YORK (1221 AVENUE OF THE AMERICAS, 22ND FLOOR). THE FORMS REQUEST INFO ON FOREIGN FIRMS' EXPERIENCE, FINANCIAL RESOURCES, ETC. COMPLETED FORMS MUST BE SUBMITTED TO PETROBRAS BY MARCH 16. PETROBRAS WILL THEN PROVIDE THE BASIC CONTRACTUALL TERMS TO THE FIRMS WHICH PREQUALIFY. PETROBRAS ALSO WILL SELLL ITS GEOLOGICAL AND GEOPHYSICAL DATA FOR THE TEN SPECIFIED AREAS TO THE FIRMS FOR THEIR USE IN FORMULATING PROPOSALS.

4. IN INTERVIEW CARRIED IN FEB. 16 O GLOBO, SECRETARY GENERAL OF MINISTRY OF MINES AND ENERGY, ARNALDO BARBALHO, STATED THAT PETROBRAS EXPECTS TO SIGN FIRST RISK CONTRACT WITH A FOREIGN COMPANY BY END OF JUNE.

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 RIO DE 00721 172105Z

5. BEGIN LIMITED OFFICIAL USE. COMMENT: INITIAL REACTIONS AMONG US OIL COMPANY REPS AND GEOLOGISTS WITH WHOM WE HAVE TALKED ARE VERY POSITIVE. THEY HAD EXPECTED PETROBRAS TO OFFER MOSTLY POOR TO MODERATELY GOOD LOCATIONS, PARTLLY BECUASE OF WHAT HAS GENERALLLY BEEN THOUGHT TO BE A HARD CORE OF RESISTANCE TO RISK CONTRACTS BY PETROBRAS TECHNICIANS. ALSO, SOME OBSERVERS THOUGHT THAT PETROBRAS MIGHT START OFF WITH SO-SO AREAS TO TEST RESPONSE BY FOREIGN OIL COMPANIES, HOLLDING THE BETTER LOCATIONS FOR LATER NEGOTIATIONS.

IN FACT, OUR CONTACTS CONSIDER THE SPECIFIED AREAS TO BE AMONG THE MOST PROMISING IN BRAZIL. IN AT LEAST HALF OF THE AREAS PETROBRAS ALREADY HAS HAD SOME OIL SHOWS. NEARLY EVERYONE WAS PLEASANTLY SURPRISED THAT NINE OF THE TEN AREAS ARE OFF-SHORE. THE MOUTH OF THE AMAZON AND THE SANTOS BASIN BLOCKS, IN PARTICULAR, ARE THOUGHT LIKELY TO BE THE AREAS OF GREATEST INTEREST BY FOREIGN ECOPANIES. EVEN THE MIDDLE AMAZON BASIN IS CONSIDERED A FAIR PROPSPECT, ALTHOUGH GEOLOGISTS IN GENERAL ARE NOT HIGH ON THE CHANCES FOR MUCH OIL BEING FOUND ON-SHORE IN BRAZIL. ALL OF THE 44 FOREIGN COMPANIES WHICH REPORTEDLY HAD NOTIFIED PETROBRAS OF THEIR INTEREST IN RISK CONTRACTS WILL UNDOUBTEDLY WISH TO PREQUALIFY ON THE BASIS OF THE PETROBRAS ANNOUNCEMENT. IT REMAINS TO BE SEEN, HOWEVER, WHICH COMPANIES WILL BE KEPT IN THE RUNNING AFTER MARCH 16, HOW THE COMPANIES WILL REACT TO THE AS-YET-UNKNOWN CONTRACTUAL TERMS AND HOW SOON THE CONTRACTS CAN BE NEGOTIATED, SIGNED AND IMPLLEMENTED. AN EXPERIENCED OFFICIAL WITH ONE LARGE US OIL COMPANY SPECULATED THAT EVEN AFTER CONTRACTS ARE NEGOTIATED AND SIGNED, MOST FIRMS WILL NEED SIX MONTHS TO GET ORGANIZED AND BEGIN FIELD WORK. (FYI: SHELL, ESSO, TEXACO AND ATLANTIC ALREADY HAVE LARGE MARKETING ORGANIZATIONS IN BRAZIL AND PROBABLY WOULD HAVE AN ADMINISTRATIVE EDGE IN BEING ABLE TO ORGANIZE AND COMMENCE THEIR EXPLORATION ACTIVITIES MORE RAPIDLY THAN COMPANIES NEW TO THE COUNTRY. END FYI.)

6. EMBASSY BRASILIA CONCURS.
DEXTER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, EXPLORATORY DRILLING, CONTRACTS, PROPOSALS (BID)
Control Number: n/a
Copy: SINGLE
Draft Date: 17 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976RIODE00721
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760059-0411
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760243/aaaablks.tel
Line Count: 144
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BRASILIA 952
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2004 by ElyME>; APPROVED <01 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PETROBRAS ANNOUNCES TEN LOCATIONS AND PREQUALIFYING PROCEDURES FOR RISK CONTRACTS
TAGS: ENRG, EINV, BR, PETROBRAS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006